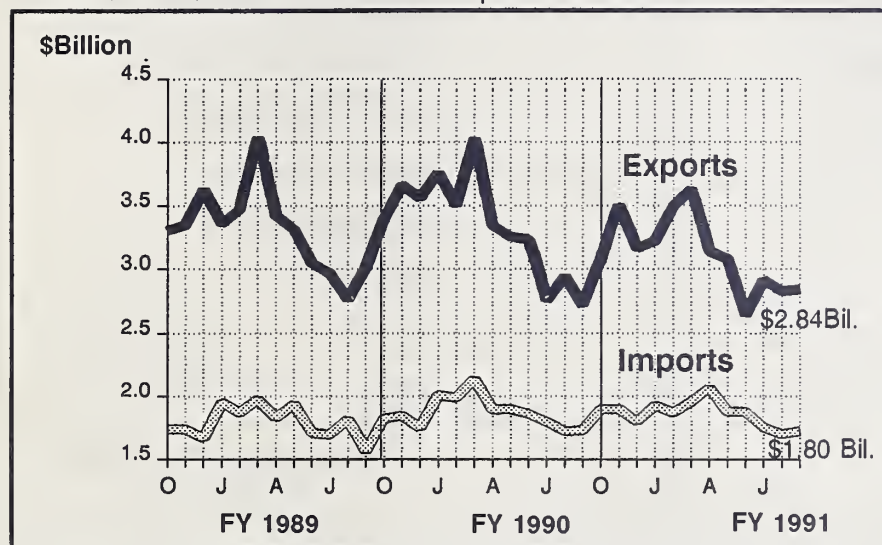


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AGRICULTURAL TRADE HIGHLIGHTS

September Agricultural Exports Bring Fiscal 1991 Total to \$37.5 Billion



September trade statistics released November 19 by the Commerce Department placed the value of U.S. agricultural exports at \$2.85 billion, up slightly from August and up 5 percent over the same month last year. September's figure brings fiscal 1991 to a close. As forecast by the Department, total agricultural exports reached \$37.5 billion, down 6 percent from 1990's \$40.1 billion level. Volume was also down, slipping 13 percent from fiscal 1990 to 129 million tons.

At \$17.4 billion, *bulk sales* declined \$4.1 billion from 1990, reaching their lowest point since 1987. The largest loss occurred in coarse grains which fell 29 percent, or \$2.3 billion, due to falling shipments to the USSR, Japan, and Mexico. Wheat was the second largest loser, falling 32 percent, or \$1.4 billion, due to lower U.S. export prices brought on by record world production and strong foreign competition. Combined, these losses accounted for nearly 90 percent of the 1991 decline in total bulk farm sales. Exports were also

down for soybeans (down \$476 million), cotton (down \$100 million), and rice (down \$78 million). The only gainers in this group included tobacco and pulses.

At \$8.8 billion, U.S. exports of *intermediate products* finished roughly unchanged for 1991. Performance in this category was mixed, with gains in live animals (up 43 percent), sugars/sweeteners/beverage bases (up 24 percent), and planting seeds (up 8 percent), offsetting losses in hides and skins (down 19 percent), soybean oil (down 43 percent), and animal fats (down 14 percent). Falling \$334 million, the largest single decline was registered by hides and skins, influenced heavily by declining sales to Asian markets.

At \$11.3 billion, U.S. exports of *consumer-oriented products* reached record levels, rising 17 percent, or \$1.7 billion, in 1991. These products now account for 30 percent of all U.S. agricultural exports (up from 24 percent in 1990 and 18 percent in 1986). Individual gains ranged from \$4 million for dairy products to \$299 mil-

lion for red meats. In addition, the horticultural complex rose a combined \$569 million. Other records set include a \$107-million rise in poultry meat, a \$98-million rise in snack food, a \$91-million increase in pet food, and an \$82-million jump in breakfast cereals/pancake mixes. For the year, there were no losses in this category.

Performance with the *top 10 U.S. trading partners* was mostly down for 1991, with only three countries logging gains over 1990. Asian markets suffered heavy losses including Japan (down 4 percent), China (down 27 percent), Korea (down 20 percent), and Taiwan (down 4 percent). In addition, the Soviet Union and Egypt fell 42 percent and 6 percent, respectively. The EC finished the year unchanged at \$6.8 billion. However, sales were up to Hong Kong (up 9 percent), Mexico (up 8 percent), and Canada, which recorded the largest gain of \$688 million.

At \$1.8 billion, *September's imports* place the fiscal 1991 value at \$22.5 billion, unchanged from 1990. Combined with the year's exports, 1991 imports resulted in an agricultural trade surplus of \$15 billion, down \$2.6 billion from 1990.

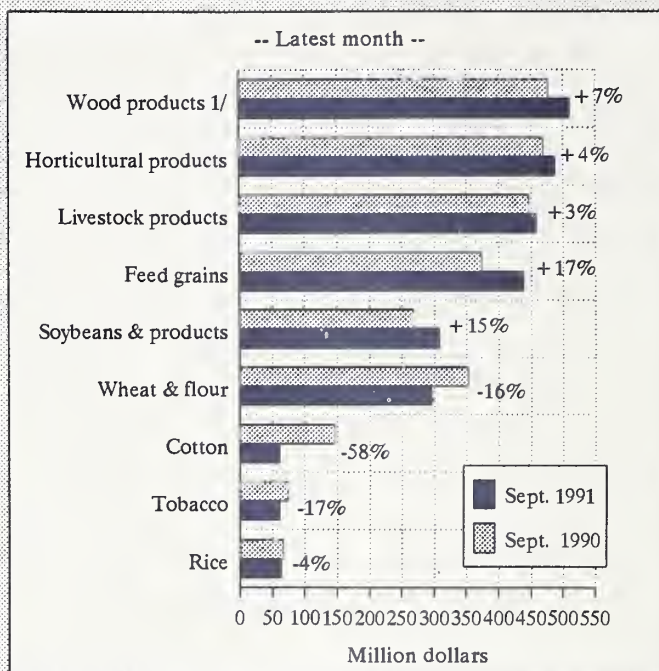
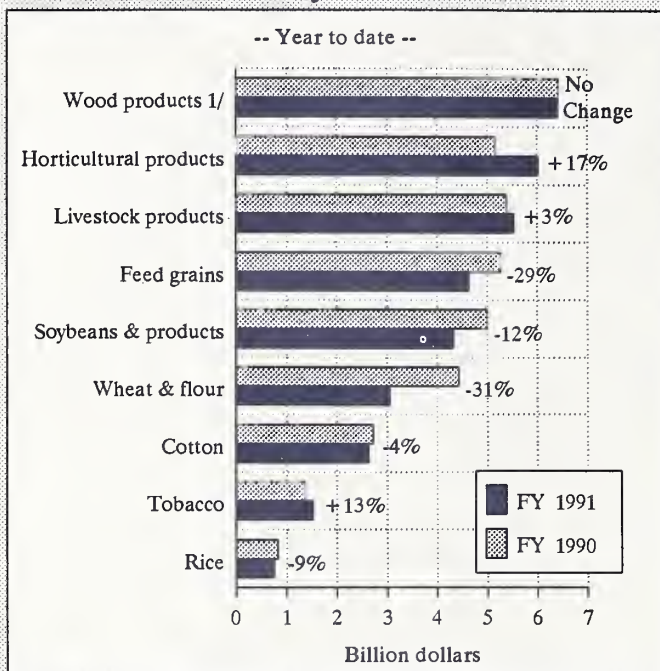
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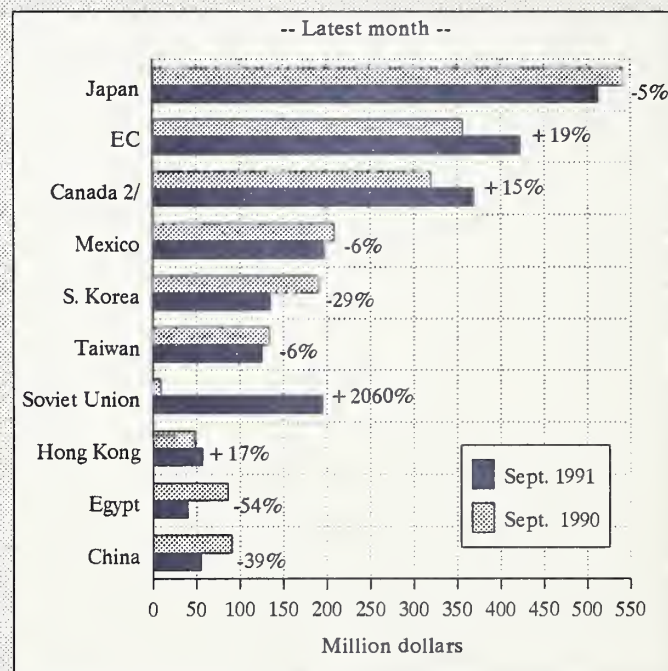
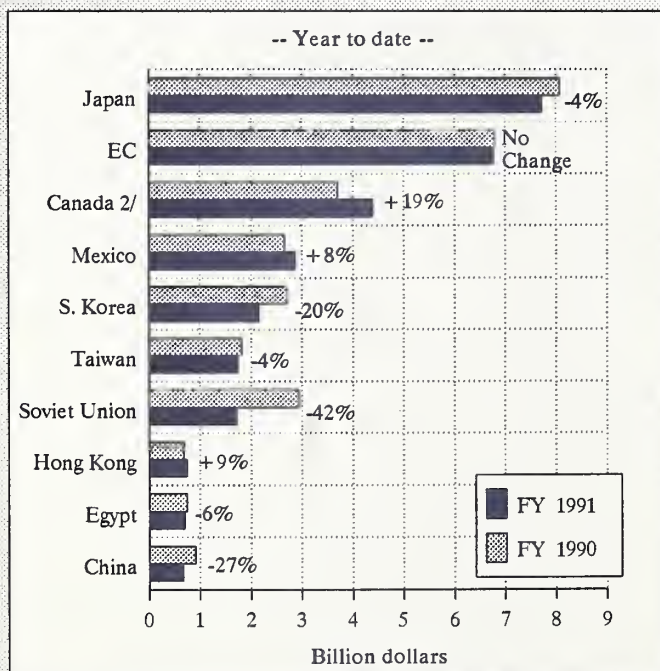
U.S. Agricultural Export Summaries

Fiscal Year (October-September) and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada have been under-reported in past years by about \$1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

Exports of *wheat and flour* in September continued the downward trend exhibited throughout most of fiscal 1991. Export value fell 16 percent to just under \$300 million, and volume dipped 10 percent. September's performance means that exports finished the year at \$3.1 billion, down 31 percent from 1990, while volume slipped to 27.8 million tons--off only 4 percent. Lower export prices characterized 1991 which, combined with record world production and strong foreign competition, are the main reasons for the decline. Most of the increased export competition came from the EC, Canada, and Australia. Lower export volume to the USSR (down 1.3 million tons), Iraq (down 500,000 tons), and Venezuela (down 360,000 tons), more than offset gains to the Caribbean, North Africa, Brazil, and Western Europe.

Exports of *feed grains* in September reached \$440 million and 4 million tons, up both in value (up 17 percent) and volume (up 24 percent) from a year-ago. However, September's positive news was not enough to offset the rest of fiscal 1991's lackluster performance. Shipments for the year were off \$2.3 billion, or 29 percent, from their 1990 level to finish at \$5.7 billion--the lowest level since 1988. Most of the decline was due to lower volume which fell 17 million tons, or 25 percent. Reduced foreign coarse grain use combined with low international feed wheat prices hurt both U.S. export volume and U.S. share of world trade (53 percent in 1991 versus 63 percent in 1990). Overseas sales to all five of the top U.S. markets fell, including the two largest, Japan and the USSR, which dropped 14 percent and 47 percent, respectively.

Rice exports of \$63 million in September were down 4 percent in value on 14 percent lower volume from a year-ago--consistent with the slower pace of shipments seen all year. For 1991, exports fell to \$752 million, down 9 percent, while volume for the year was down 3 percent at 2.4 million tons. The decline occurred primarily because of the loss of the Iraqi market and reduced shipments to the EC. These more than offset growth to Saudi Arabia, Brazil, and Canada. Sales to Brazil made the

sharpest increase of the year, rising from less than \$1 million in 1990 to more than \$61 million in 1991. After experiencing 2 consecutive years of bad crops, Brazil temporarily lifted its 15-percent duty and turned to U.S. supplies of rough rice to meet domestic demand.

At \$61 million, exports of *unmanufactured tobacco* in September were down 17 percent from last year. However, due to a surge in shipments during the latter half of 1991, tobacco exports ended the year higher, rising to \$1.5 billion, up 13 percent from fiscal 1990. This gain came primarily on a 10-percent rise in volume as demand for quality U.S. leaf rose in major markets. The most significant increases were registered to the EC (up \$80 million), Japan (up \$50 million), Turkey (up \$32 million), and the Dominican Republic (up \$17 million). These more than offset declines of over 30 percent to Taiwan (down \$26 million) and Hong Kong (down \$30 million).

At \$308 million for September, U.S. exports of *soybean and products* was up 15 percent from last September, primarily on the strength of meal exports. However, for the year as a whole, the value of total U.S. exports fell to \$4.6 billion--a 12-percent decline from 1990 and the lowest level in 16 years. U.S. sales this past year were down for a number of reasons. One was increased soybean exports by Argentina, a result of a change in its export tax laws. Another was the lack of a P.L. 480 agreement with Pakistan, traditionally one of the United States' largest soybean oil customers. This led to the lowest level of U.S. soybean oil exports in roughly 30 years. Finally, highly subsidized EC farmers experienced a bumper oilseed crop this year. Consequently, U.S. exports to the EC--the largest market for U.S. soybeans and products--dropped by \$378 million, more than offsetting gains in U.S. meal shipments to the USSR and beans to Mexico.

At \$61 million, September exports of *cotton* were off by almost 60 percent from a year ago, bringing the fiscal 1991 total to \$2.6 billion--down \$100 million from 1990's total. Export volume was down as well, falling to 1.6 million tons for the year, down 100,000 tons from its 1990 level.

September's decline was but one in a string of lower monthly export statistics that began earlier this year. With buyers holding off in the hope of lower prices (they are already at their lowest in 2-1/2 years), recent declines, including September's, have neutralized what appeared to be a record year for U.S. cotton exports. Estimates of higher global production have been credited with the sudden turn-around which began in the current marketing year. All three of the top U.S. markets ended 1991 lower including Japan (down 5 percent), Korea (down 12 percent), and the EC (down 18 percent).

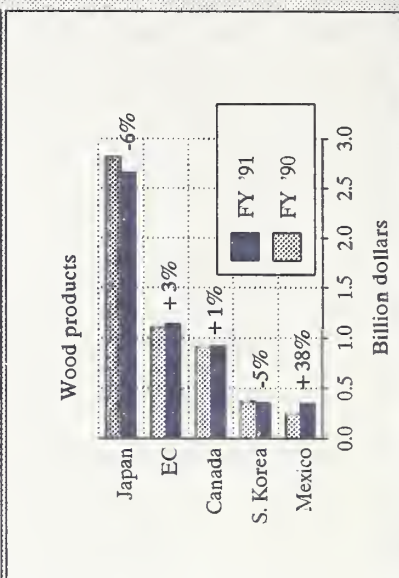
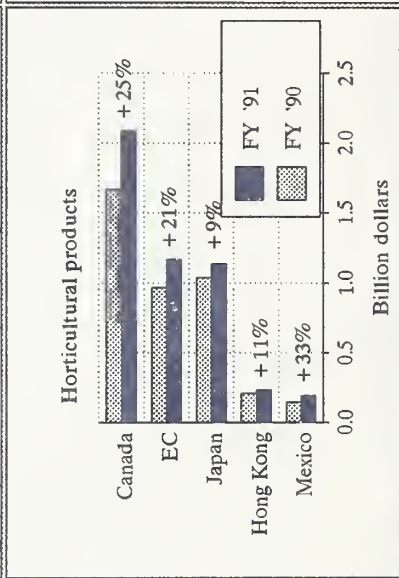
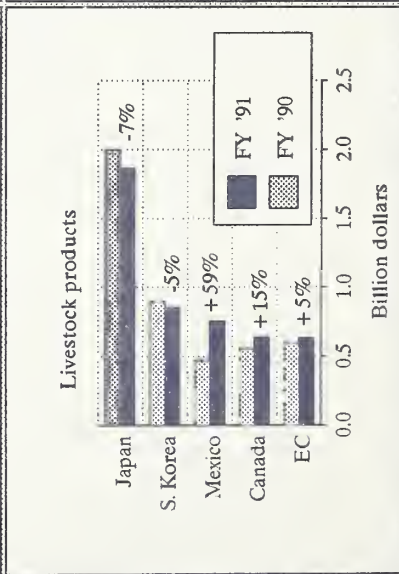
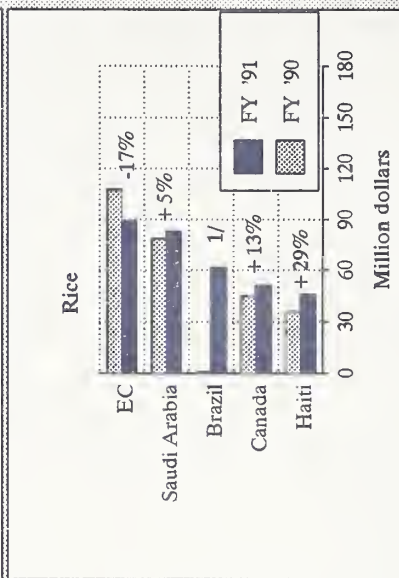
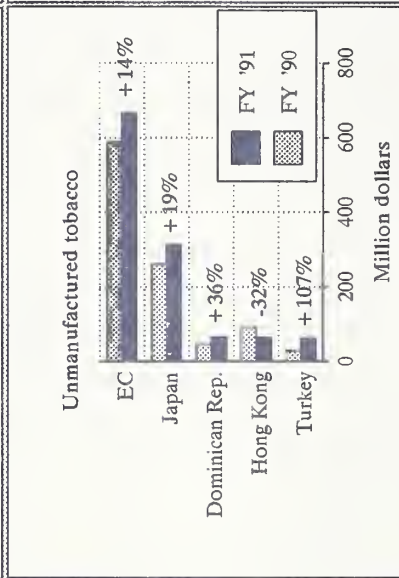
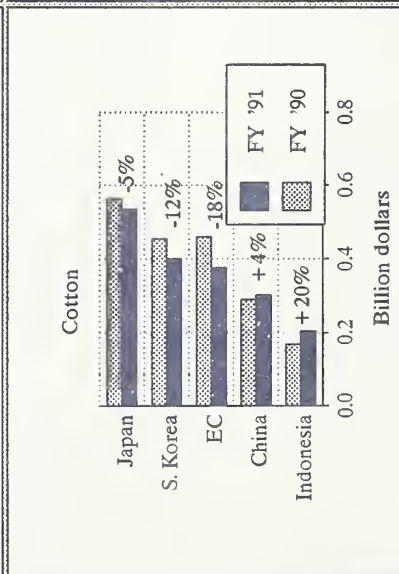
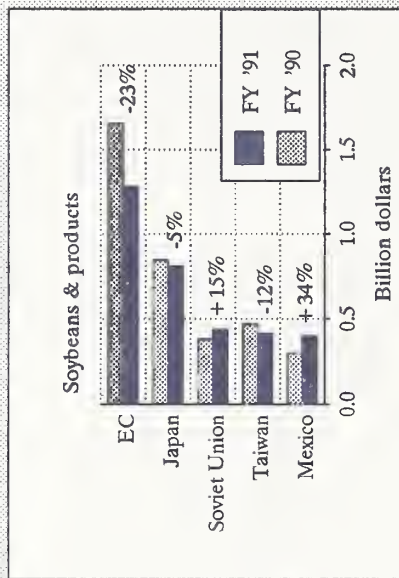
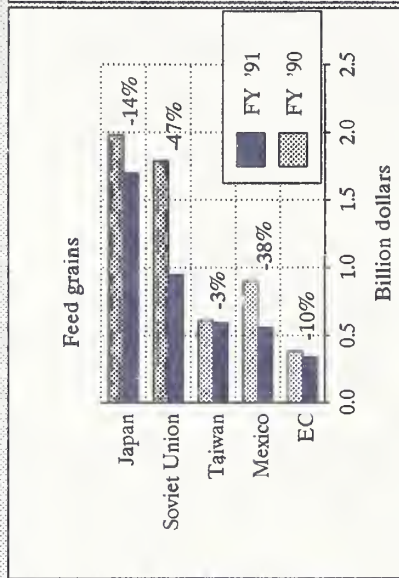
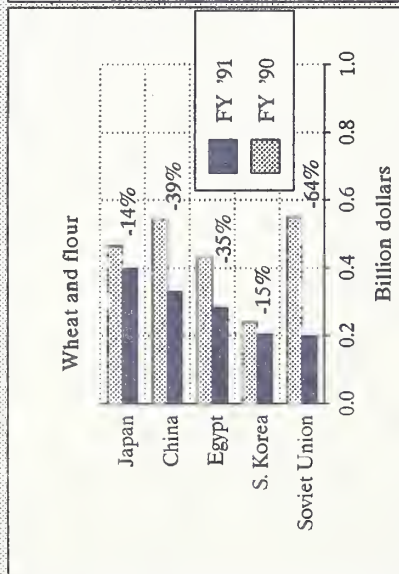
Horticultural exports reached \$487 million in September, up 4 percent from a year ago and extends a string of monthly increases that have occurred all year. This helped push export value to a record \$6 billion in fiscal 1991, up \$850 million (17 percent) from fiscal 1990. Gains were experienced in all five of the largest U.S. markets but were especially strong to Canada and the EC.

Livestock and product exports of \$456 million in September were roughly unchanged from the year-ago level bringing the fiscal 1991 total to \$5.5 billion. This is an increase of \$150 million from fiscal 1990 and represents a new record high. Strong gains to Mexico (up \$280 million), Canada (up \$80 million), and the EC (up \$30 million) offset weaker sales to the two largest U.S. markets--Japan (down \$140 million to \$1.9 billion) and Korea (down \$45 million to \$855 million).

Sales of *wood products* declined only slightly this year, with the overall export level less than 1 percent, or just \$11 million, behind 1990's record setting total. Stagnation was evident in both the Japanese and Canadian markets. Partly due to reduced housing starts, exports to Japan were down \$158 million, or 6 percent from 1990. At \$919 million, sales of U.S. wood products to Canada changed relatively little from last year. The economic slowdown in the United States is also being felt in Canada and, to some extent, throughout much of the world. Mexico, on the other hand, imported 38 percent more U.S. products than during the previous year due in part to its growing economy.

Top Five Markets for Major U.S. Commodities

Fiscal Year (October-September) Comparisons



Note: Percentages are computed as the change from fiscal 1990 to fiscal 1991.
1/ Negligible exports reported during comparable period last year.

Country Spotlight: Malaysia



Malaysia, with an economic growth rate notably higher than any of the "Asian Tigers," may be poised to become a major success story in the 1990's. This, combined with a population of 18 million that is expected to surpass Taiwan's by the end of the decade, indicates that prospects for increasing U.S. agricultural sales to Malaysia appear to be promising. Given that the U.S. share of Malaysia's food and fiber imports are only 9 percent, there is plenty of room for expansion.

From fiscal year 1986 through 1990, U.S. agricultural exports to Malaysia grew more than 11 percent a year, reaching \$133 million. Sales in 1991, however, dropped slightly to \$131 million as a result of a \$22-million drop in soybean exports. Over the past few years, U.S. consumer-oriented high-value products have been a promising growth sector and, in 1991, exports increased 48 percent to a record \$53 million. Rapid income growth and changes in lifestyle associated with urbanization will increase

demand in those areas where U.S. products are most competitive.

In 1990, Malaysia imported over \$2.1 billion of agricultural products, an increase of over 50 percent since 1986. Many imported food products face high import duties, averaging 30-50 percent ad valorem and some products are banned altogether. Other than this, there are few barriers to trade. Significant agricultural imports consist of grains (to supply their expanding livestock industry), fruits and vegetables, raw sugar, and dairy products.

The United States' main competitors in Malaysia are Thailand, Australia, and China. Australia has dominated Malaysia's quality meat and fresh vegetable import markets due to competitive prices, lower freight costs, and shorter shipping times. New Zealand and Australia have taken the bulk of Malaysia's sizable dairy import market for similar reasons. Australia also is pushing for a significant share of the fresh fruit and processed food markets, although efforts in promoting these products have been hampered somewhat by inconsistent quality and supply. Both countries are investing more time and money in market promotion, and their efforts are increasingly sophisticated. Thailand is the major supplier of rice and corn to the Malaysian market because of its low cost of production and transportation costs.

The United States is a major supplier of apples, oranges, grapes, and tobacco products. American processed products tend to compete at the high end of the price/quality spectrum (which minimizes the geographic disadvantage), and is evidenced by its large market shares in Japan, Hong Kong, and Taiwan. Malaysia is no different. For example, U.S. sales of frozen french fries/potato products control almost 90 percent of the Malaysian market largely due to its high quality reputation and the promotional efforts of the United States' National Potato Board. As a result, U.S. french fries supply the rapidly growing fast food outlets such as McDonald's, Kentucky Fried Chicken, and A&W.

U.S. food promotions in supermarkets are very popular and have proven to be quite successful in introducing new products to the Malaysian market. Imports of canned fruit cocktail, peaches, soups, pastas, and other processed foods from the United States and other countries are common sights in Malaysian supermarkets. However, to be successful in Malaysia, as in other Asian markets, U.S. producers must be willing to package their products in ways that please local consumers. In addition to processed goods, there is a large import market for fresh temperate vegetables, such as potatoes, onion, garlic, cauliflower, celery, and carrots that is relatively untapped by U.S. exporters.

Although it is unlikely that U.S. agricultural exports will displace Australian dairy products or Thai rice from Malaysian supermarket shelves, overall prospects for an increasing U.S. exports to the Malaysian agricultural market are bright. Malaysia's exceptional income growth, coupled with its rapid urbanization, presents promising opportunities to savvy American exporters.

For more information, contact Tom St. Clair, (202) 720-6821

Interested in exporting to Malaysia?
Contact Jeffrey A. Hesse, FAS Attache. Telephone: (011-82-2) 732-2601, FAX: (011-82-2) 738-7147.

Transshipment and Food Distribution in Malaysia

The size of the Malaysian import market, large as it is, is probably understated. A significant (but declining) portion is transshipped through Singapore and shows up as Singapore imports. This transshipment through Singapore is declining because the Malaysian Government is now giving a 10 percent duty rebate for goods shipped through Malaysian ports. Most products from the United States enter through the ports of Klang, Penang, and Johore Bharu. The railroad and highway systems in Malaysia are relatively well developed, allowing efficient movement between cities and rural areas.

With the exception of one or two government trading companies, the food distribution system in Malaysia is dominated by private companies which act as intermediaries between the retailer and the exporter. These food importers place their orders with foreign suppliers and then distribute to local retail outlets such as supermarkets and grocery stores located throughout the country. However, some of the larger supermarket chains are beginning to import directly.

September's Imports up Slightly From 1990, Bring Fiscal 1991 Total to \$22.6 Billion

U.S. agricultural imports landed right on target in fiscal 1991 according to USDA's official forecast. At \$1.8 billion, September's imports brought total agricultural imports to \$22.6 billion, roughly unchanged from 1990's total. For the year, competitive imports have risen a mere 1 percent to top the \$17-billion level, while the smaller noncompetitive imports fell 3 percent to \$5.4 billion. EC imports remained relatively unchanged at \$4.4 billion, maintaining its claim as the United States' largest agricultural supplier.

In retrospect, fiscal 1991 was a year of stagnate import growth, although several commodities and their suppliers shifted in value and importance. While the EC, Canada, Mexico, Brazil, and Australia remained our top five major suppliers respectively, both Mexico and Brazil experienced some decline. In fact, Brazilian imports dropped 15 percent, or more than \$228 million, from 1990. At the

same time, Australia and New Zealand made steady increases throughout the year. Australian imports rose 10 percent to nearly \$1.3 billion and New Zealand surpassed the Netherlands to become our fifth-largest importer on an individual country basis at \$856 million. Total imports from other leading sources, including Colombia, France, and Indonesia, all fell during 1991, with the exception of Italy, whose figure rose above \$700 million.

Competitive imports as a whole may have risen only 1 percent during 1991, but imports of animal products gained close to \$225 million this year--the most substantial increase for any single import category. Accounting for most of the 5-percent increase, fresh/chilled/frozen beef and veal rose 10 percent to \$2 billion. Live animal imports reached \$1.1 billion, rising 7 percent in tandem with Canadian shipments. Canada has a 60-percent share of the U.S. live ani-

mal import market. During the same period, dairy imports fell below the \$1-billion mark, declining by 15 percent. Within the dairy group, casein and licensed cheese items showed the greatest loss for the year.

EC imports remained relatively unchanged at \$4.4 billion, maintaining its claim as the United States' largest agricultural supplier.

Imports of fruit, vegetables, and products were essentially unchanged for the year, with imports off only \$60.5 million to end the year at \$8.2 billion. Brazilian supplies dropped almost in half to \$363 million, while Mexico's total fell by \$33 million, still leaving Mexico in control of 19 percent of all U.S. fruit and vegetable imports. Declining purchases of juices, especially orange juice, were responsible for much of the drop in addition to greater domestic orange production this year relative to 1990's freeze-reduced levels.

Imports of noncompetitive products fell by \$1.7 million, ending the year only slightly behind 1990's level. The overall decline occurred in spite of increased purchases from Brazil, the United States' largest source of noncompetitive imports. The United States bought 36-percent more Brazilian coffee this year in response to aggressive marketing efforts on the part of Brazilian exporters attempting to recapture their lost share of the world coffee market.

For more information, contact Karen Halliburton, (202)720-1299

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools.

U.S. Agricultural Imports by Major Product Sector * September 1991 and Fiscal Year Comparisons

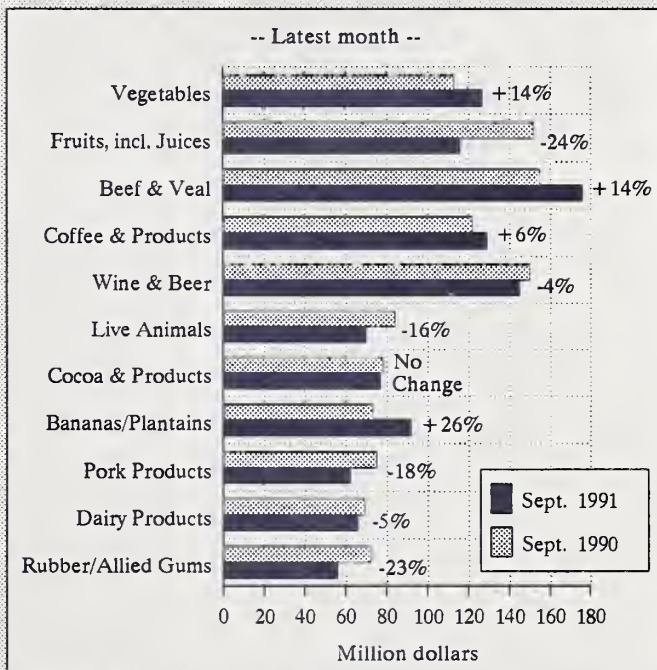
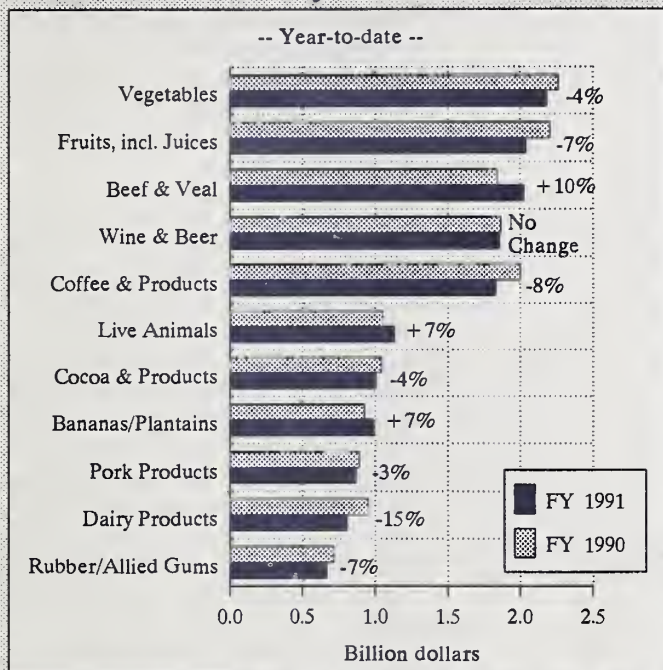
Import Category	Sept. 1991	Sept. 1990	% Chg	Fiscal 1991	Fiscal 1990	% Chg
			-- \$Million --			
Total competitive	1,373	1,315	4%	17,170	16,976	1%
Fruits, incl. juices	116	152	-24%	2,042	2,207	-7%
Wines & beer	145	150	-3%	1,858	1,867	-1%
Vegetables	127	112	13%	2,185	2,264	-4%
Live Animals	70	94	-17%	1,131	1,053	7%
Beef & veal	176	155	14%	2,024	1,842	10%
Dairy products	66	69	-5%	807	951	-15%
Pork	62	75	-18%	866	888	-3%
Total noncompetitive	429	417	3%	5,418	5,584	-3%
Coffee & products	129	122	6%	1,831	1,997	-8%
Cocoa & products	78	78	0%	1,005	1,042	-4%
Bananas/plantains	92	73	26%	992	926	7%
Rubber/allied gums	56	72	-23%	664	712	-7%
Spices	25	24	6%	264	245	8%
Tea	9	10	-2%	152	151	1%
Total agri. imports	1,802	1,732	4%	22,588	22,560	0%

Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.
* Rounded to nearest million dollars.

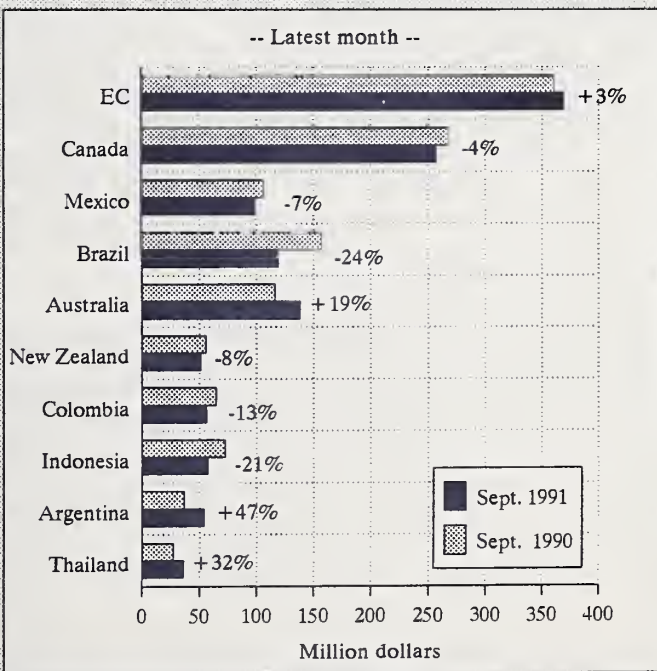
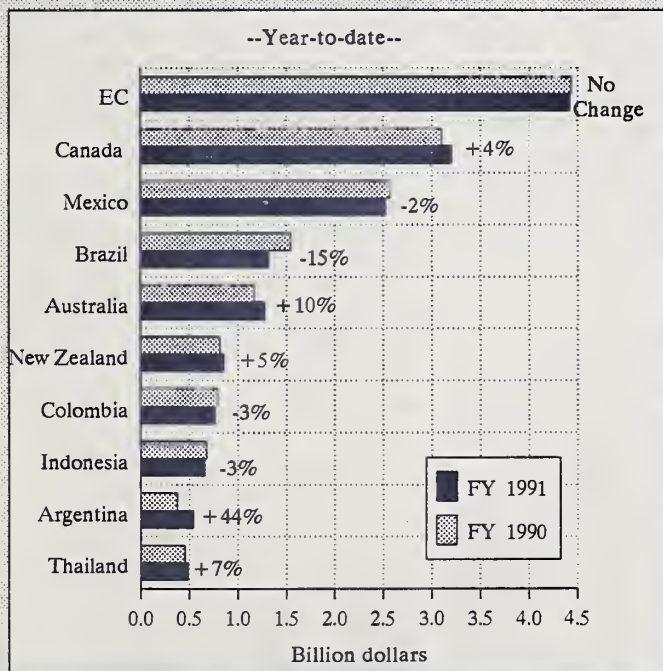
U.S. Agricultural Import Summaries

Fiscal Year (October-September) and Latest Month Comparisons

Product Summary



Top Ten Suppliers Summary



Note: Percentages are computed as the change from a year ago.

Product Spotlight: Beer

In the past three issues, Agricultural Trade Highlights has profiled the export performance and outlook of three processed products that show strong growth potential for U.S. firms -- breakfast cereals, bakery products, and pet foods. This month, beer is in the spotlight. With foreign shipments up 300 percent over the past 6 years and 1991 sales reaching a record \$160 million, U.S. export prospects look bright.

American beers are no longer merely a domestic pleasure. Over the past 6 years, U.S. beer exports have grown more than 300 percent, reaching nearly \$161 million this fiscal year--the highest level ever. The United States has traditionally exported only a small portion of domestic production, despite the fact that it is the world's largest producer of malt beverages and our per capita consumption is below that of many EC countries as well as Australia and New Zealand. Over the last decade, however, U.S. producers have boosted their global activities, impacting numerous foreign beer markets.

Japan and Canada are the leading U.S. export markets. In fiscal 1990, these two markets alone accounted for over half of all U.S. beer exports. Until recently, Canada was the largest importer of U.S. malt beverages. Last year, however, sales to Japan hit a record \$49 million, nearly 10 times their 1986 level, and accounted for 70 percent of the Japanese imported beer market. The sizable in-

crease in sales to Japan is representative of the solid progress U.S. beer products have made in many beer markets around the world. Furthermore, analysis of U.S. export concentration indicates a declining dependence on Japan and Canada as the main market sources, and a gradual expansion into a greater number and diversity of international marketplaces. Although most of these are relatively small markets, countries with rapidly growing disposable income, such as Hong Kong and Taiwan, show good potential for increased U.S. beer exports in the near-term.

U.S. sales this year to Hong Kong surpassed \$18 million, more than a 70-percent increase over just 1 year ago. Mexico set a record level as well with \$9.1 million, followed by Taiwan's total of \$6.7 million. While small and still in the early growth stages, markets that have risen virtually out of nowhere are Brazil, the world's seventh-largest beer market, and Poland. These markets reached sales this year of nearly \$4 million

and \$2 million, respectively. Just 4 years ago, U.S. sales were nonexistent in these two countries. U.S. beer exports to the EC exceeded \$10 million this year, half of which went to the United Kingdom. The Micronesia and Bahrain markets also reached new highs in the range of \$1 million to \$2 million a year.

The recent surge of American beer exports to East Asian markets has been remarkable. Annual growth in Japan had averaged 80 percent from 1986 to 1990, but sales this year remained relatively unchanged. Since 1988, annual export growth to Hong Kong has also averaged more than 80 percent. Despite the current upward trend, however, some analysts are skeptical of this growth enduring over the long-run. Nonetheless, it is a known fact that U.S. brands are popular in East Asia as a status symbol for trendy consumers. Conservatively speaking, though, U.S. products can establish market niches without dominating every large export market. While local brewing is common in all parts of the world and will always pose some hindrance to U.S. foreign sales, these breweries will not all cater to the lighter, less-filling tastes of some of their domestic consumers.

Preferences--such as those which exist in Asia--may move toward U.S.-style lager beers, which are crisp, light-flavored, and of slightly less alcohol content, compared to the darker, fuller-bodied beers of Europe, such as stout and porter. In the meantime, marketing efforts are going to have to be intensified to permanently establish this niche. For this reason, several major U.S. companies have established license-brewing agreements with foreign beer distributors as a means of back-door entry to foreign markets. An example of this is Anheuser-Busch's approach in Japan. Budweiser has been distributed by Suntory Limited since 1981, and is now established as the leading foreign beer brand in Japan. Although Michelob and Bud Dry brands are exported directly to

United States Wins GATT Case Against Canada

In June 1990, at the request of G. Heileman Brewing Company (later joined by Stroh Brewery Company), the United States initiated a 301 investigation of alleged unfair trade practices by the Canadian provincial liquor boards against the importation of U.S. beer. Disagreements include restrictions on "listing" rights, which are required for beer to be sold in a province; discriminatory "mark-up" policies, which limit price competition between American and Canadian beers; and the limited marketing opportunities for much of U.S.-brewed beer.

Pursuing its rights under GATT, the United States won a recent panel settlement concerning Canadian liquor board practices. The deadline for Canada to bring its practices into GATT compliance is December 29 of this year. If Canada fails to respond on time, the United States will consider taking appropriate steps under Section 301, including the imposition of restrictions on imports of Canadian beer.

...Beer

large retail department stores and supermarkets, they often do not have access to the small-scale "mom and pop" stores which Suntory offers Anheuser-Busch. These smaller stores account for the majority of the country's distribution network.

Licensed brands are not only put on a fast track into Japan's complicated distribution system, but further, are immune from import duties, high ocean transportation costs, and labeling requirement problems. Large American beer manufacturers are attracted to license-brewing candidates who have one or more strong current brands and excess capacity enabling them to handle another. Although not the most preferable market-entry vehicles, licensing deals are an investment in consumer awareness, at the cost of shared profit with a foreign partner.

Geographically, Canada and Mexico have the greatest potential for long-term U.S. sales. Last year, U.S. beer exports to Canada totaled \$25 million, or 54-percent of Canada's total beer imports. This figure rose to nearly \$28 million by the end of fiscal 1991. This is not surprising given that 80 percent of Canada's population is within 100 miles of the United States border, allowing U.S. produc-

ers to take advantage of minimal transportation costs into a market with tastes and preferences similar to American ones.

While U.S. beer exports to Canada have done well over the past few years, they have not been able to realize their full potential. Growth to Canada's annual 248 million-case beer market has been severely impeded by trade barriers. The United States' beer exports to Canada are subject to high tariffs relative to U.S. duties, as well as discriminatory price and distribution practices that vary within each of Canada's 10 provinces. A trade dispute has been brewing for some time between the two countries because of the inability of many U.S. companies to enter the Canadian market in a free and open manner.

Many American companies who want to survive in the Canadian market are resorting to licensing agreements to combat the protectionist policies imposed on U.S. exports. Miller Brewing Company and Adolph Coors both have licensing agreements with Molson, while Anheuser-Busch has joined with Labatt. Molson and Labatt are the two largest brewing concerns in Canada. Partly as a result of Canada's restric-

tive practices, Canada exports roughly 10 times as much beer to the United States as the United States exports to Canada.

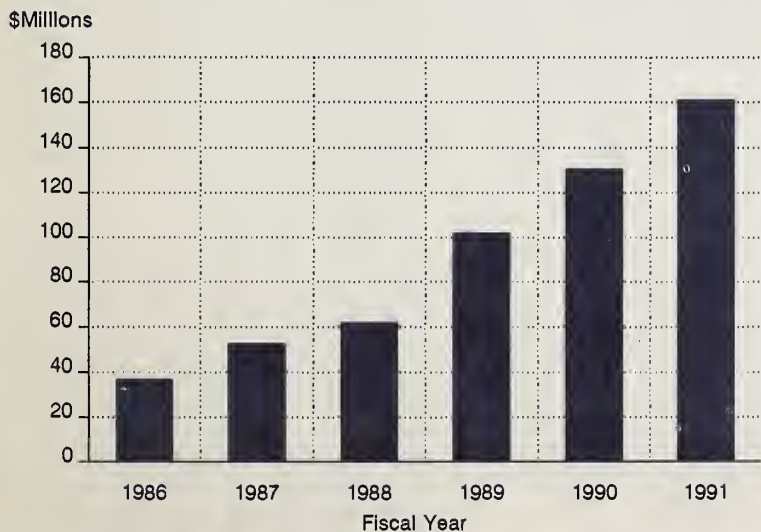
... Canada and Mexico have the greatest potential for long-term U.S. sales.

Mexico is now the eighth-largest beer market in the world. Liberalization efforts in 1988 not only eliminated quotas and reduced tariffs to 20 percent, but sparked renewed interest in Mexico as a possible growth market for U.S. beers. Budweiser and Bud Light are now distributed through Cerveceria Modelo S.A., the largest Mexican brewer and one of two groups which control almost all of the Mexican market. Nevertheless, all American beers still suffer from a distinct price disadvantage over Mexican beers, sometimes costing twice as much. Increasing U.S. sales will not be easy considering other cumbersome product registration requirements. Outside of GATT, talks on the North American Free Trade Agreement have the greatest potential for improving market structures and promoting fair mutual treatment with our closest trading partners.

U.S. beer exports have made impressive strides to date and possibly could reach \$300 million by the mid-1990s, if present growth markets continue to expand and foreign import regions are further liberalized. While the verdict is not in yet, the outcome will largely depend on the willingness and determination of U.S. beer manufacturers to continue testing their products in the international arena. So far, however, the future looks promising.

For more information, contact Karen Halliburton, (202) 720-1299

U.S. Exports of Beer "Hopping" to Record Levels



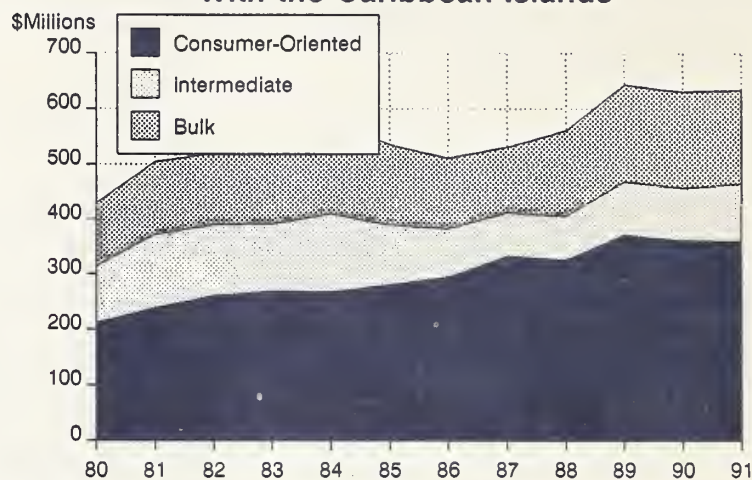
The Caribbean Islands: U.S. Exporters Take Notice

In July, Agricultural Trade Highlights published a country spotlight on the Caribbean Islands. The article discussed U.S. agricultural trade performance and market opportunities in this region, with a focus on consumer-oriented products. Since that time, FAS officials visited some of these islands and discovered that while the Caribbean has been a growing market for the United States, its size and potential has been underestimated by many U.S. food exporters, leaving much of the market to be dominated by European suppliers. In addition, significant trade barriers, ranging from lack of interest to high tariff rates, have further impeded progress in this region. Unless U.S. food companies become more aggressive in the Caribbean market, the United States may find itself edged out of this neighboring market.

The Caribbean is generally spoken of as a single market. However, it is actually made up of many distinctly different and unique cultures. Each island has its own set of regulations which govern investment, trade, and politics. With an average per capita income ranging between \$360 and \$18,000, and populations of between 10,000 and 7 million, these islands represent small individual markets. In the aggregate, however, U.S. food exporters registered more than \$1 billion in total sales to the Caribbean in fiscal 1991, enough to rank as the United States' eighth-largest food market, and the third-largest in the Western Hemisphere behind Canada and Mexico. Interestingly, this level of trade has been achieved with little marketing effort by U.S. food exporters.

Since 1979, U.S. agricultural exports to the Caribbean have grown by 80 percent, from \$558 million to over \$1 billion in 1991. While total exports have risen significantly over this period, consumer-oriented shipments have become the largest component of U.S. trade with the region. Furthermore, these exports have also been the fastest growing segment.

Consumer-Oriented Exports Dominate U.S. Trade With the Caribbean Islands*



* Totals exclude Haiti and the Dominican Republic

This fact becomes even more pronounced when Haiti and the Dominican Republic are removed since they are recipients of large amounts of bulk commodities through export programs such as P.L. 480 and GSM export credit guarantees. Because of this situation, the focus of this analysis will be the performance of consumer-oriented high-value trade to the Caribbean, excluding Haiti and the Dominican Republic.

The Caribbean islands, excluding Haiti and the Dominican Republic, imported a total of \$1.5 billion in consumer-oriented products from the world during 1990--up 34 percent from 5 years earlier. At \$360 million, the United States supplied only 25 percent of this market as U.S. consumer-oriented food exporters face some stiff competition. In contrast, the United States is the dominant supplier of consumer-oriented exports to Mexico and Canada, at 64 and 58 percent, respectively. If the United States were able to increase its share in the Caribbean to a level comparable to its share in Mexico and Canada, consumer-oriented exports to the Caribbean could double--an increase amounting to roughly \$400 million, or 40 percent of the total agricultural imports of this region.

Competitors in the Caribbean agricultural market include the EC countries of France, the United Kingdom, and the Netherlands. In fact, the EC supplied over \$570 million, or 39 percent of the Caribbean's consumer-oriented demand in 1990. In addition to the EC, other important suppliers include various South and Central American countries, fellow Caribbean islands, Australia, and New Zealand.

Among the United States' Caribbean markets, FAS visited the Bahamas, Aruba, Curacao, Barbados, Trinidad, and St. Lucia (a Leeward-Windward island). However, in addition, FAS went to the French West Indian islands of Martinique and Guadeloupe which are currently small markets for the United States but which may hold hidden potential for U.S. food exporters.

The United States' top consumer-oriented Caribbean markets and their respective 1991 export values include the Bahamas (\$88 million), the Netherlands Antilles (\$78 million), the Leeward-Windward islands (\$55 million), Bermuda (\$59 million), and Jamaica (\$33 million). Together, these islands account for nearly 80 percent of total U.S. consumer-oriented exports to the Caribbean. With the exception of the Ba-

...The Caribbean Islands

hamas, the top U.S. markets have all exhibited rapid growth in consumer-oriented imports from the United States over the past 5 years, particularly the Netherlands Antilles (up 55 percent) and the Leeward-Windward islands (up 64 percent).

With the most developed tourist sector, the Bahamas is the United States' largest consumer-oriented market in the Caribbean. Tourism is by far the most lucrative industry although the government is trying to lessen dependence on that sector by developing industrial and agricultural potential. Its trade ties with the United States are firmly established, and the United States is overwhelmingly the top supplier of imported agricultural products to the island. The proximity of the Bahamas to the United States has been perhaps the best marketing tool. For U.S. food exporters, the focus should be more of maintaining its presence in this very important market, although there remains room for expansion.

Two of the most dynamic markets in the Caribbean are in the Netherlands Antilles. Much of the growth in this region can be directly attributed to the rapid development of the tourism sector, particularly in Aruba, whose tourist visits have nearly doubled since 1986 after the closure of the Lago oil refinery, previously, its main industry. Now independent, Aruba boasts an open economy, a favorable investment environment, and little restriction on foreign exchange which, along with Curacao, has helped their emergence as top U.S. markets in the region. Curacao, also dominated economically by oil refining, transshipment, and offshore financial services in the past, is turning increasing attention to tourism since the demise of the oil-refining industry. The results have been positive and further developments are expected in this area.

The Leeward-Windward islands--consisting of Anguilla, St. Vincent and the Grenadines, St. Kitts-Nevis, St. Lucia, Montserrat, Grenada,

Dominica, the British Virgin Islands, and Antigua-Barbuda--have also performed well in the last 6 years, with consumer-oriented purchases from the United States rising 64 percent, or \$22 million. The growth in exports with this region has been widespread due to an overall improvement in the economies of these islands in addition to an increased awareness of U.S. products.

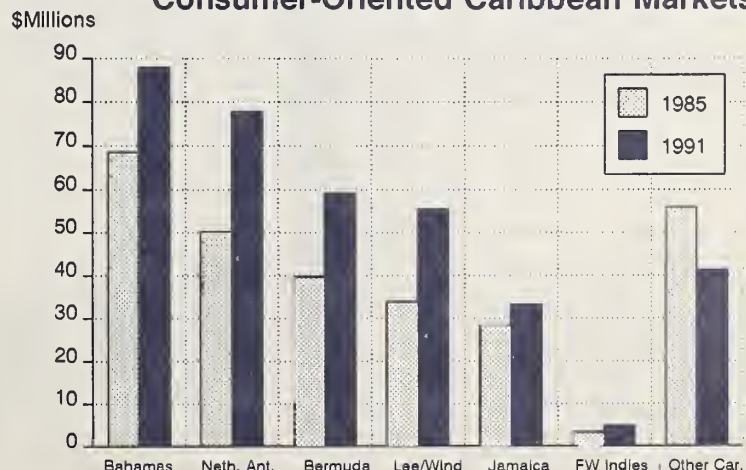
While tourism is also important in this region, these islands tend to be more economically diversified. For example, in St. Lucia--the United States' largest consumer-oriented market among the Leeward-Windward islands--agriculture generates an equal amount of income for the population as does tourism. Grenada, another major U.S. market in this region, is predominantly agricultural, although tourism and light industry are growing in importance. Nonetheless, the recent economic growth experienced by this island group has translated into increasing demand for U.S. high value products.

As members of Caricom--an economic community developed to foster trade and development among its members--many of the Leeward-Windward islands share growing concerns over their ability to compete within an increasingly global trading environment. Consequently,

it is possible that the United States may witness a drop in share in this region due to increasing Caricom participation by many of its members. For example, in order to reduce dependence on imports, many have implemented the Common External Tariff (CET) which, through relatively high tariffs, discriminates against those imports not originating in Caricom countries. This is expected to impact many consumer-oriented products currently being purchased from the United States including poultry, processed dry products such as breakfast cereals and snack foods, and a wide variety of horticultural products. Among the Leeward-Windward islands, all but Anguilla are active members of Caricom.

A third Caribbean group, the French West Indies (consisting of the islands of Martinique and Guadeloupe), was also among the islands visited by FAS officials. Perhaps the most interesting of the islands studied, Martinique and Guadeloupe have been the most elusive markets for the United States. Ironically, the French West Indies are the largest single importers of consumer-oriented food products in the Caribbean. In 1990, these two islands imported nearly \$500 million worth of consumer-oriented products alone--roughly one-

Significant Growth Occurring in Top U.S. Consumer-Oriented Caribbean Markets



...The Caribbean Islands

third of the total Caribbean consumer-ready food market. However, with U.S. consumer-ready food exports at just under \$4 million, the United States has less than a 1-percent share.

As departments of France, Martinique and Guadeloupe are basically extensions of the European Community. Therefore, exporters interested in these markets face the EC tariff regime. In addition, both impose two additional tariffs--tarif de droit and d'octroi de mer--on imported products which can amount to a maximum of 8 percent more. The economies of these islands is based primarily on agriculture (sugar, bananas, pineapples, cocoa, and coffee), to a lesser extent on tourism, but rely heavily on financial transfers and subsidies from mainland France, which account for a large proportion of GDP. This external support underwrites comparatively high living standards and well-developed infrastructure and services. France is the closest trading partner, supplying about 80 percent of agricultural imports and buying the majority of the islands' exports.

Despite the obvious barriers, U.S. exporters have done relatively little to try and penetrate this market. In fact, the United States has a larger market share in France! As the two largest consumer-oriented markets in the Caribbean, these two islands represent perhaps the best opportunity for the United States to increase its exports and overall competitiveness of all the islands mentioned. As a half-billion dollar consumer-oriented market, a 10-percent increase in share would translate into a significant rise in U.S. exports.

A closer look at trade patterns shows that since 1983, consumer-oriented imports by Martinique and Guadeloupe from the world have more than doubled. If French West Indies trade is excluded from the analysis, U.S. consumer-oriented share in the Caribbean rises from 25 percent to over 40 percent. However, growth of U.S. market share over the

past 5 years, excluding these two islands, is faster than when the islands are included. What this implies is that a disproportionate share of the growth in overall Caribbean demand is being generated by Martinique and Guadeloupe.

In interviews with exporters in Miami, considered the "gateway to the Caribbean," many expressed the desire and intention to expand their operations in the Caribbean and also an interest in penetrating the Martinique and Guadeloupe markets. However, several substantial barriers exist to increasing U.S. agricultural trade with the Caribbean islands.

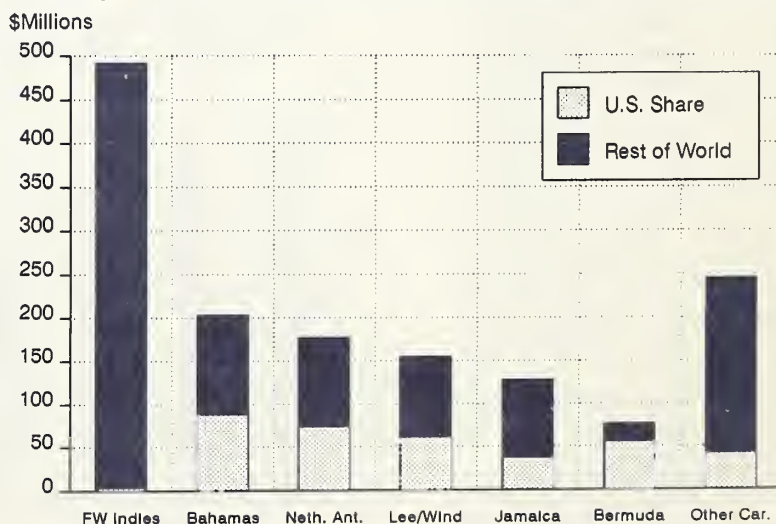
First, tariff barriers are generally high although they vary significantly from island to island. For example, in Aruba and Curacao, most U.S. food exports enter freely, with duties on non-luxury goods ranging between 5.5 and 12 percent. In addition, these islands offer attractive business incentives which further reduce tax burdens and often include exemption from import duties. At the other end of the spectrum, Martinique and Guadeloupe have the most formidable tariff barriers, due to their association with the EC. Finally, the Bahamas, the Leeward-Windward islands, and many of the

eastern Caribbean islands such as Barbados and Trinidad/Tobago have restrictively high tariffs on many goods.

For the Bahamas, with no form of direct taxation, duties are the primary source of revenue for the government. Consequently, duties are assessed on all food imports and are considered very high. In fact, many Bahamians come to the United States to do their grocery shopping, finding it cheaper than shopping in food stores on the island. However, while duties are high, the same rates apply to all products regardless of origin, and in that sense do not discriminate against U.S. products.

For the Leeward-Windward islands, high tariffs are a relatively new form of trade restriction due to the implementation of the Common External Tariff (CET) of Caricom. While tariffs as well as import licensing have been a traditional form of trade restriction in the past, they did not significantly hamper U.S. trade. With the CET, which can reach 45 percent on some items, it is expected that many items will be affected. To an even greater degree, the same situation exists on Barbados and Trinidad/Tobago, which, as members of Caricom, also implement the CET,

French West Indies Largest Consumer-Oriented Food Importer in Caribbean, But Smallest U.S. Market



...The Caribbean Islands

as well as banning the importation of many other products.

Probably the most extreme example of high tariffs restricting U.S. trade exists in Martinique and Guadeloupe. As mentioned earlier, the current tariff regime reduces the possibility to import many U.S. products, such as beef and many dairy products. Nonetheless, while tariff and non-tariff restrictions are high in the French West Indies, there is no reason that the United States could not increase its current share of the market. Discussions with many of the large importers on Martinique and Guadeloupe revealed a very strong interest in increasing their purchases from the United States, as their retail food industries have grown increasingly competitive in recent years. The modern supermarkets and hypermarkets present on these islands are unequaled in the Caribbean, presenting the consumer with one-stop shopping, well-organized displays, and affordable prices. The consumers are clearly discriminating, seeking a high degree of quality in their food purchases. Consequently, it is felt that the United States could do well in this market if concentrated efforts were made.

A second trade barrier which exists in the Caribbean is the apparent lack of interest on the part of U.S. food companies to explore the Caribbean markets. Because the islands represent very small markets individually, the task of marketing a product in this region presents a very unique set of problems. In addition to language and cultural barriers, the benefits to investing in such a venture may not be enough to justify the costs when dealing with such a small consumer base.

As developing countries, the middle class is relatively small. However, while tourism has clearly been the engine of growth for the Caribbean, contributing to the overall rise in consumer-oriented purchases from the United States, the domestic populations should not be overlooked.

Much of the groundwork has been laid through exposure to American cable television and tourist lifestyles.

An affinity for U.S. food products has been nurtured throughout the Caribbean through American cable television and exposure to American tourists' lifestyles. This will certainly become more evident as their economies grow and increasing incomes allow these consumers to purchase more U.S. products.

As a possible solution to reducing this trade barrier, it is suggested that U.S. food companies focus their marketing efforts toward groups of islands which share common characteristics. Such a strategy would then involve targeting only a handful of Caribbean markets as opposed to each individual island. Having established these marketing regions, food shows, trade teams, and other various marketing tools could then be initiated within this framework, providing a more narrow focus, but wider consumer base.

A third constraint which was encountered involved the existence of strong ties to former colonizers. Specifically, much of the Caribbean shares traditional ties to EC countries including the Netherlands, the United Kingdom, and France. The influence of these relationships is strong and can be seen in cultural, economic, and social institutions which exist today. Furthermore, these colonial ties have been perpetuated in trade relationships as well, with many of the islands enjoying special trading arrangements with their former colonizers. Unfortunately, U.S. exporters have done little to break these ties. Discussions with importers revealed that these bonds are not unbreakable, and, if U.S. firms can demonstrate the advantages of their products over their competitors', new business relationships are possible.

Finally, the most intangible trade barrier is one that would actually ap-

pear to benefit the countries of the Caribbean. As the NAFTA negotiations continue, the islands of the Caribbean observe these developments with concern. A free trade agreement between the United States and Mexico is an event which could potentially undermine the recent growth many of the islands have achieved. If the NAFTA is successful, there will be little that the Caribbean islands can do that Mexico cannot do better, cheaper, and with less transportation costs involved. These types of fears are being manifested in different ways around the Caribbean, including import substitution policies and more discriminatory tariff actions by Caricom member states.

Despite these four obstacles, the United States should look to the Caribbean as a respectable market with substantial upside potential. Much of the groundwork has been laid through exposure to cable broadcasts and tourist lifestyles, not to mention its mere proximity. The characterization by many U.S. business people that the Caribbean is poor and simply not a large enough market to invest time and money into should be reassessed. It clearly is not an Asia or an EC. However, the fact that the United States has a significantly lower market share in the Caribbean than its other two neighbors should be a signal to U.S. exporters that something is being overlooked.

For more information contact Lori Huthoefer, (202) 720-1034.

Interested in exporting to the Caribbean? Contact Al Persi, FAS Agricultural Trade Officer, Venezuela, Caracas, at telephone: (011-58-2)285-2222, or FAX: (011-58-2)285-0036.

Trade Policy Updates

Uruguay Round Agriculture Negotiations

The agriculture negotiations of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) are picking up momentum. Although EC officials constructively engaged in technical discussion in Geneva this spring and summer, they remained intransigent on several major issues. This fall, however, several key member states indicated flexibility in acknowledging the need to conclude a Uruguay Round Agreement by the end of this year or soon thereafter. If this translates into true flexibility on the part of EC Commission negotiators, progress on policy issues may finally be possible.

Meanwhile, the GATT Secretariat plans to prepare an overall agreement text covering all of the negotiating groups, including agriculture, as soon as possible. It is not yet clear what format this text will take. If the agricultural logjam is broken, much work will still remain before an agreement text can be finalized, including the market access negotiations that have been stalled awaiting an outline of an agriculture agreement. GATT Director-General Arthur Dunkel has indicated that the deadline for the final agreement text is the end of February 1992.

North American Free Trade Agreement -- Update

In late October, U.S. Trade Representative Carla Hills met with her Mexican and Canadian counterparts--Jaime Serra Puche and Michael Wilson--to discuss the NAFTA negotiations. This constituted the third meeting of the Ministers regarding the NAFTA. The Ministers have emphasized that the NAFTA negotiations will not be hurried, and that as much time as necessary will be taken to reach a good agreement. However, as a practical matter, the negotiations should be conducted as expeditiously as possible.

The principle agreed upon is to seek the reduction to zero of all tariffs over a yet unspecified period of time, with no exclusions, but with transitional measures for sensitive items. In the case of tariffs between the United States and Canada, the timetable for tariff elimination was defined in the U.S.-Canada Free Trade Agreement.

The first phase of the NAFTA negotiations concentrated on developing information, identifying the key issues for negotiation, and conducting domestic consultations and seeking advice from those concerned with the nature and scope of the negotiations. The negotiations have now progressed into a second phase, which is for the actual negotiations themselves. This second phase commenced with an exchange of conditional tariff offers and requests for non-tariff measures on September 19.

EC Agrees to a Reconvened Panel on the GATT Oilseed Case

At the November 12 GATT Council Meeting, the EC agreed to the U.S. proposal to reconvene the original GATT Panel to rule on the consistency of the EC's new oilseed regime with the Panel's 1989 ruling. The EC will accept the reconvened panel after the EC's oilseed regime is formally adopted, which is expected to happen in late November. Therefore, the panel will be officially reconvened at the December 3-6 GATT Contracting Parties Meeting. Under the terms of reference, the panel will have 90 days to make a determination on the case after the reconvening of the panel.

Japan Study to Reduce High Food Prices

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced it will launch a full-scale research project next year on the gap between domestic and international food prices. The study will cover prices of 100-200 food items in New York, Tokyo, London, Paris, and other European cities. The retail prices of rice, fish, beef, and other perishable food, dairy products, and processed products will be investigated annually. In addition, such factors as land prices and labor costs will be analyzed for each stage of production, processing, distribution, and consumption to try to determine the reasons for the price gaps. At the end of the study, a questionnaire will be sent to Japan's food industries to devise measures to reduce the gaps.

...Trade Policy Updates

European Community Third Country Meat Directive

Technical discussions held in mid-November in Washington between U.S. and EC officials to determine equivalency between the two meat inspection systems ended without an agreement on how to carry out the process. The EC's request to extend the completion date for determining equivalency between the two systems to March 31, 1992 is still pending.

In May 1991, the U.S. Government and the EC agreed to an exchange of letters outlining re-inspection and relisting of U.S. slaughter plants (20) that were delisted by the EC in 1990 as eligible to ship to the Community. They also agreed to determining equivalency between U.S. and EC inspection systems which was agreed to be completed by Dec. 31, 1991. After two EC re-inspections, the EC relisted 14 U.S. meat plants as eligible to export meat to the Community as of Oct. 14, 1991. The U.S. government agreed to move on to determining equivalency between the U.S. and EC inspection system.

China Announces Tariff Rate Reductions

During Section 301 consultations on market access and intellectual property rights issues held toward the end of October in Beijing, Chinese customs representatives provided the U.S. delegation with a list of 56 tariffs which will be reduced as of Jan. 1, 1992. Among the products included in this list are chocolate and sugar confections, both of which will be reduced from 70 to 40 percent. In a related development, China's Custom Department announced on November 3 that China intends to lower import duties on 225 different commodities early next year. Mainly raw and agricultural materials were included in this list, the full details of which had not been released as of mid-November.

Trade Agreement Negotiated With Romania

The United States and Romania have negotiated a 3-year bilateral trade relations agreement under the authority of Title IV of the 1974 Trade Act. However, the agreement will not be signed unless Romania makes further progress with democratic reforms. The centerpiece of the agreement, modeled after the ones negotiated earlier with Bulgaria and Czechoslovakia, is the requirement to confer reciprocal MFN tariff treatment. Other provisions call for adherence to GATT Codes, improved market opportunities, promotion of trade, business facilitation, hard currency payments for imports, protection of intellectual property rights, import relief safeguards, and dispute settlement.

Czechoslovakia's Request for GATT Waiver on Tariffs

Czechoslovakia's request for a GATT Waiver on tariffs affecting several agricultural products (see October issue) was again discussed by the GATT Council in November, but no decision was reached. The Council will again take up the issue in December. Meanwhile, the United States is continuing to hold bilateral consultations with Czechoslovakia to modify the terms of the request by Czechoslovakia.

United States-EC Consultations on Canned Fruit Agreement

On October 22, U.S. and EC delegations met in Brussels to continue negotiations on clarifying methodologies involved in determining compliance with the Canned Fruit Agreement. In previous negotiations, discrepancies in the Agreement involving data sources, exchange rates, and deadlines were resolved. However, the United States' request that EC subsidies for the 1991/92 marketing year be reduced to bring the EC into compliance before funds are disbursed has been met with much resistance. The EC maintains the position that it is not at fault this year, and that it was following the letter of the Agreement as it had interpreted it. Negotiations on 1991/92 compliance with the Agreement are expected to continue.

...Trade Policy Updates

United States and the EC Make Little Headway on Wine Negotiations

Assistant U.S. Trade Representative Allgeier met with EC Commission Official Schiratti in Brussels October 22 to try to wrap up a bilateral agreement on wine trade. Both sides held firm to their respective positions on key outstanding issues--ion exchange for the United States and semi-generic terms for the EC. The two sides agreed to try to arrange a meeting between technical experts on ion exchange soon. The EC agreed to extend current derogations for enological practices and simplified certification for another 3 months, while negotiations continue.

Materials Available

- Agricultural Trade Policy and Trade for Central and Eastern Europe (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and Yugoslavia)--Revised October 1991
- U.S./Soviet Grain Trade (Revised September 1991) Trade Policies and Market Opportunities for U.S. Farm Exports: 1990 Annual Report (August 1991)
- Helping Small and Disadvantaged Businesses Export Food and Agricultural Products (August 1991)
- Most-Favored Nation (MFN) Status for Eastern Europe and the Soviet Union (August 1991)
- U.S. Legislation to Counter Unfair Foreign Trade Practices (Revised May 1991)

The Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of Fact Sheets and reports listed above to the *Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 305-2771, FAX: (703) 305-2788.*

Market Updates

Brazil Suspends Rice Import Duty

Brazil has suspended the import duty for all types of rice until Jan. 15, 1992. Prospects for additional imports of U.S. rough rice are good because of U.S. quality and freight cost advantages. Suspension of the 15-percent duty resulted from de-control of rice prices in September as well as tight rice supplies. Brazil has reportedly purchased over 200,000 tons of U.S. rice, compared with about 75,000 tons at this time last year.

Brazil Negotiates to Buy Yugoslav and French Corn

Brazil's private sector is reportedly negotiating with France and Yugoslavia to import 500,000 to 1 million tons of corn over the next 6 months under favorable credit terms. A modest importer in recent years, Brazil's large import needs were expected to have been filled mostly by the United States this year.

Reduced Australian Wheat Supplies for Export

Australian supplies of wheat for export are very tight this year. The tight situation could help firm world prices and open additional opportunities for U.S. exports. Australia's wheat exports could be roughly half of last year's level, which would be the smallest in 2 decades. Supplies of particular types of milling wheat may not be sufficient to cover domestic needs. Australia has not imported wheat in the past.

Indonesian Rice Imports Commence

Indonesia is in the process of purchasing some 700,000 tons of rice--mostly from Thailand, Vietnam, and India--for delivery beginning mid-November and continuing into the first quarter of 1992. That volume is much larger than expected and would represent a significant departure from government claims of self-sufficiency. Imports are necessary to avoid food shortages, which would be a particularly sensitive issue since 1992 is an election year in Indonesia.

Zimbabwe to Import Corn

Short supplies of corn in Zimbabwe could mean a market opportunity for the United States, although South Africa may be the preferred supplier, particularly for white corn. Normally an exporter of 350,000 tons annually, Zimbabwe is actively seeking to import at least 200,000 tons over the next few months because of a major crop shortfall. If South Africa helps fill Zimbabwe's import demand, then less would be available for shipment to major U.S. markets in Asia.

Crop Problems Alter India's Oilseed and Products Trade Outlook

Due to the failure of September rains, the fall-harvested peanut crop in the Indian state of Gujarat is currently estimated by the state government to range between 800,000 and 1 million tons, bringing India's total 1991/92 Kharif peanut production down about 35 percent from the initial forecast and about equal to the 1990/91 level. Soybean and sesame-seed yields are also below earlier expectations, and the outlook for the fall-planted rapeseed crop is mixed.

Korea Set Arbitrary Tolerance Level for Benzoic Acid in Raisins

On October 21, the Korean Ministry of Foreign Affairs placed a tolerance level for benzoic acid on raisin imports, allowing entry only when amounts do not exceed 1 part per million. From early this year until then, imports with any detectable level were denied entry. No other country in the world has this type of restriction. Benzoic acid is a naturally occurring and innocuous substance found in many foods, and detectable levels are often found in raisins. Korea is an extremely important export market for the U.S. raisin industry--the second largest in Asia after Japan. The restriction and prior ban are hurting U.S. exports. Since the Korean Government established this trade barrier, January to August exports (the most current data) are only 1,999 tons, one-third off 1990 year-to-date exports of 2,976 tons. The value of U.S. raisin exports dropped \$1.5 million from year-to-date sales last year.

...Market Updates

EC Aggressively Sells Wheat and Flour

EC wheat and flour export licenses are 20 percent higher than at this time last year, contrary to the perception that the EC has slowed its sales pace. Through October 24, export licenses have been awarded for 9.9 million tons, compared to 8.2 million tons at this time a year ago. The Commission, so far, has emphasized sales from record intervention stocks. The normal policy would favor subsidies covering free market grain to relieve downward price pressures exerted by the recent record harvest. Special export programs and subsidies have allowed the EC to target specific countries resulting in unusually large sales to China, Korea, and Algeria.

Thailand Revises Surcharge Rates for Soybean Meal and Fish Meal

The Thai Ministry of Commerce announced sharp cuts in the surcharge rates levied on imported soybean meal and fish meal on October 11. The surcharge was cut because of an expected shortage of meal resulting from lower domestic soybean production. The surcharge rate dropped 28 percent for both soybean meal and fish meal. With a tight soybean market in both Brazil and Argentina, the United States could make additional soybean meal sales as a result of this change.

Spain Reduces Soybean Imports

Spain's imports of soybeans in the first 11 months of the 1990/91 marketing year were down 24 percent from a year earlier. Crushing margins were narrow because of large soybean meal imports and declining soybean oil exports. Imports from the United States dropped 45 percent from the comparable period in 1989/90, while imports from Latin American countries showed a 7-percent increase. Soybean meal imports rose 41 percent from the previous year, with Brazil as the leading supplier.

Honduras Reduces Tariff on Meat Imports

The Government of Honduras has announced a temporary reduction of tariffs on imported meat from 20 percent to 5 percent. The three categories affected are: beef and veal, swine meat (fresh, chilled and frozen), and poultry meat. The law authorizing the reduction will remain in effect for a period of 120 days, through about mid-February. The new legislation also eliminates the previous 10-percent duty on the above products. Factors behind the reduction include high levels in recent years of illegal cattle exports, low availability of beef, and high retail prices. Honduras has not imported any U.S. beef in the last 2 years.

India's Soybean Meal Export Supplies Could Fall in 1991/92

India's soybean meal exports may be below recent expectations if concerns over India's soybean production are correct. A major trade publication expects that dry weather in India's soybean producing area could result in reduced soybean meal exports. India traditionally exports soybean meal to the Soviet Union as well as neighboring countries. USDA forecasts India's MY 1991/92 soybean meal exports at 1.6 million tons. The United States could benefit from India's declining soybean meal exports, given the shortage of soybean meal from Brazil.

Possible Market Opening in Italy for U.S. Apples and Pears

An official from the Italian Ministry of Agriculture recently indicated to U.S. officials that Italy may be willing to permit limited market access to U.S. apples and pears within the next 2 months. This decision is apparently driven by a domestic fruit shortage in Italy. Italy currently bans imports of all northern hemisphere deciduous fruits (except EC apples and pears) and table grapes for phytosanitary reasons, which the United States has long held to be unjustifiable. Southern hemisphere countries are allowed to ship these fruits during certain time periods. Trade sources estimate that Italy is a potential \$15-million market for U.S. apples and pears, assuming complete market access for these fruits.

...Market Updates

Taiwan Grants Preferential Tariff Rate to Canadian Beef

Taiwan's Council of Agriculture (COA) confirms reports that Canada is eligible to supply high-quality beef to Taiwan effective Oct. 17, 1991. Historically, Taiwan has granted a preferential tariff rate to certain cuts (mainly non-shin, shank, intercostal cuts) of high-quality beef. However, only USDA-graded Prime and Choice meat is automatically considered high quality, while beef from other sources have had to meet certain criteria and pay an additional duty. The COA has decided that certain cuts of Canadian beef now qualify as high-quality beef. About 5 percent of Canadian beef meets Taiwan's criteria of high-quality beef. Canadian beef exports to Taiwan totaled 67 tons in 1989 and 23 tons in 1990, while U.S. beef exports totaled 5,474 tons in 1989 and 3,489 tons in 1990. No immediate effect is expected on U.S. beef exports, but trade will be monitored closely.

Mystery Swine Disease Movement Restrictions Lifted in the United Kingdom

Officials in the United Kingdom have lifted the restriction on area movements imposed where hog herds were suspected or shown to be affected by the Mystery Swine Disease (MSD), known locally as the Blue Ear Disease. The restrictions, however, will remain on specific farms which are affected by the disease. The new measure was taken in view of evidence which showed that the disease is spreading through airborne transmission. Strict area movement restrictions created a lot of disruption and did not appear to slow spread of the disease.

Ferruzzi Now Largest Oilseed Crusher in the EC

The Ferruzzi Company, an Italian agribusiness firm, is now reported by FAS/Italy to be the largest oilseed crusher in the EC. Previously, Ferruzzi and Archer Daniels Midland (ADM) were recognized as the leading oilseed processors. Ferruzzi became the largest processor by purchasing Continental Grain's Italian crushing facilities. The report indicates Ferruzzi now has a total monopoly in the Italian soybean crushing industry.

Large Saudi Arabia Barley Purchases Exclude Australia

Saudi Arabia has reportedly purchased over 1.5 million tons of barley for January through March delivery. Purchases for shipment in the first 6 months of the year have now nearly matched shipments covering all of last year. Most of the barley is expected to be shipped from the EC (some from Canada) despite the fact that this period is considered the peak of Australia's exporting season, when Australia would presumably be most competitive.

Lower Mexican Corn Import Needs

Imports in this major U.S. market may be as low as 1 million tons, only 20 percent of the levels from a few years ago. While this year's imports had been expected to rebound, a forecasted record harvest and 2 million tons of corn stocks reclassified as feed corn should limit corn import demand. However, deteriorating domestic sorghum supply prospects could partially offset falling demand for imported corn.

Yugoslav Wheat Exports May Not Meet Expectations

Yugoslavia, despite record exportable supplies of 1 million tons of wheat, may fail to export any significant quantities this year. Traders have reportedly been reluctant to consider Yugoslav wheat in recent months and some export contracts have been canceled due to transportation disruptions. Furthermore, the EC has excluded Yugoslavia in the 3-way credit package of eastern European grain for the Soviet Union. Since 1988, Yugoslavia had been a steady exporter of 700,000 tons per year, primarily to other eastern European countries and the Middle East.

Pakistan Likely to Import More U.S. Wheat

Despite aggressive credit programs offered by Canada and Australia, increased import needs due to growing domestic demand are expected to be met by U.S. wheat under the GSM-102 program. Pakistan has been an irregular importer of between 0.5 million tons and 2.5 million tons annually, with nearly one-half or more of its imports from the United States.

...Market Updates

Bolivia Has Replaced U.S. Suppliers of Soybeans to Colombia

Since late 1990, Bolivia has displaced U.S. suppliers of soybeans to Colombia. Soybeans imported from the Andean Pact countries (Bolivia, Venezuela, Peru, Ecuador, and Colombia) enter Colombia duty free. Colombia's total imports of soybeans amounted to 57,000 tons in 1990/91, all from Bolivia. In 1989/90, soybean imports amounted to 49,000 tons, all from the United States.

Thailand Approves Soybean Imports

The Government of Thailand has announced that it will allow the import of 80,000 tons of soybeans in order to fill the shortfall in domestic feed protein requirements caused by the short soybean crop. Import of soybeans can only occur during January-March 1992 before the harvest of the dry crop of soybeans, and the crushers must purchase domestically produced soybeans at the minimum price of 8.25 baht/ton, delivered to the mills. The farm-gate price is expected to be 7.75 baht/ton.

Argentina Deregulates the Grain Sector

According to sources, the Government of Argentina has taken steps to deregulate the grain sector. The decree, issued October 31, eliminated most taxes and controls on oilseed-complex exports, and ordered the closure of the National Grain Board. The decree also ended most state intervention in grain markets, but left in effect export taxes on oilseeds and the differential between oilseed exports and oilseed product exports. Also left intact was a 1.5-percent tax on exports to help fund the state agency that conducts agricultural research and development. The decree deregulated the trucking industry, and sources expect this will lower transportation costs. Sources expect these moves to have a positive effect on agriculture in Argentina.

Freeze Damage Reduced U.S. Fresh Orange Exports to Japan

U.S. exports of fresh oranges to Japan during the 1990/91 (October-September) season declined 45 percent from the previous season because of last December's freeze damage to California's fresh orange crop. Because there are no more quota restrictions imposed by the Japanese government, Japanese traders anticipate that there will be a greater interest in increased imports of fresh oranges during the 1991/92 season if the U.S. supply situation recovers. The Japanese trade is currently forecasting that Japan's total fresh orange imports during the coming 12-month period of October 1991 to September 1992 will amount to about 180,000 tons, more than double the 1990/91 import level of 85,338 tons.

Slight Rise in EC Beef Stocks

The European Commission reports a 10,000-ton rise in EC beef stocks during August. This brings the August total to 616,000 tons, compared to 606,000 tons in July and 236,000 tons for August 1990. Total stocks of 631,000 tons in June of this year represented the highest level of intervention stocks since 1988. Marginal increases were recorded in stock levels in most member states, with the largest rise of 10,000 tons occurring in France. Member states with the largest intervention stocks include Ireland (165,000 tons), France (124,000 tons), the United Kingdom (114,000 tons), and Germany (107,000 tons). Intervention sales in all member states remain significantly larger than last year, mainly due to food aid programs and special sales to the Soviet Union and East Europe.

U.S. Soybean, Meal, and Oil Export Forecasts Increased

The 1991/92 U.S. soybean, soybean meal, and soybean oil export forecasts were increased to 17.7 million tons (up 680,000 tons), 5.4 million tons (up 136,000 tons), and to 476,000 tons (up 22,000 tons), respectively. U.S. exports stand to benefit from lower export supplies in China and South America and from good crushing margins in the EC. U.S. soybean and soybean meal exports are forecast at the highest level since 1987/88.

...Market Updates

French and Soviets Sign a Food for Oil Agreement

On Oct. 31, 1991, French Prime Minister Cresson and her Soviet counterpart, Mr. Chumakov, signed a FF 1.6 billion (\$275 million) trade protocol to deliver food products to the USSR in exchange for energy resources. The agreement is expected to last 21 months and should provide the Soviet Union (especially Moscow) with 100,000 tons of beef. In addition, an unknown quantity of sugar and milk powder could be included. Grains were not mentioned.

The agreed quantity of beef represents close to 5 percent of French meat production and the current quantity of French public stocks in intervention. The French farm community is expressing satisfaction and is expecting an increase in domestic prices as a result of this arrangement. Others said the French decision is likely to interfere with the triangular trade which the EC attempted to establish in early October between the East European countries.

Meat Inspection System in Korea May be Modified

In response to an internal audit by the Korean Government, its inspection system may be revised soon. The audit pointed out that meat inspection is currently being carried out by two agencies--the National Animal Quarantine Service (NAQS) and the Ministry of Health and Social Affairs (MOHSA). The Prime Minister's office has reportedly decided that NAQS should be responsible for inspection of all "non-sterilized" meat products, and MOHSA would be responsible for inspection of sterilized meat products. This change will require a time-consuming revision of the Animal Sanitation Act. A Presidential Decree is expected in the next few weeks which will make the change in the interim. It should be noted, however, that the Koreans have been known to announce intentions, but changes do not always follow. Further monitoring and analysis of this issue is necessary.

Typhoon Ruth Extracts Heavy Toll on Philippine Tobacco Farmers

Philippine tobacco growers face a bleak 1992 planting season following the devastating effects of typhoon Ruth. High winds and heavy rains have destroyed 30 percent of the flue-cured and 10 percent of the burley-seed beds. Unless these beds are replaced within the next 2 weeks, the 1992 tobacco crop will likely decline by 15,000 to 20,000 tons. This will put total tobacco production near 65,000 tons, the lowest level since before 1980. Grower revenues are likely to be further reduced in 1992 due to a decline in tobacco quality. The typhoon destroyed many curing barns in the region that if not replaced, would severely hinder the growers' ability to adequately process the 1992 crop. Reduced Philippine production would not significantly affect U.S. tobacco sales in the region, but will likely boost domestic prices for medium to low quality tobaccos.

Apparel Imports and Mill Closures Reduce German Cotton Purchases

Cotton consumption by German mills can be expected to decline steeply throughout the 1991/92 marketing year (August-July), according to exhibitors at Interstoff, Europe's largest textile trade fair. Imports of both finished and intermediate cotton goods from the Far East were cited as the primary reason for the decline. Also, the Treuhandanstalt, the agency responsible for industrial privatization of the eastern mills, has been unable to find investors for the region's 30 yarn spinning mills. Many of these mills have already closed, and only four are expected to survive the reunification. Consequently, the Interagency Cotton Estimates Committee reduced its cotton consumption forecast for Germany from 1.2 million bales to 950,000 bales.

U.S.S.R. Ministry of Agriculture and Food to be Abolished

The U.S.S.R. Ministry of Agriculture and Food was abolished as of November 15 as a result of the decision of the Soviet interim government to dismantle most all-union ministries. The republics apparently will inherit the functions previously carried out by the federal ministry. For USDA, this means the disappearance of our counterpart on the Joint Commission for Cooperation in the Field of Agriculture.

...Market Updates

Taiwan to Export Rice to USSR for First Time

Taiwan, for the first time, will export an unspecified amount of rice to the Soviet Union. Due to the problem of burgeoning stocks caused by over-production and declining consumption, Taiwan has actively sought new export markets, using various trade arrangements. The shipment will be facilitated by a barter arrangement, according to Taipei's official news agency. Taiwan is expected to continue to be a relatively small exporter of some 200,000 tons annually.

Philippines to Export Corn for First Time

The Philippines are exporting corn for the first time. At least 30,000 tons have already been committed as repayment for a rice loan from Indonesia and additional exports are expected. Record corn production and lower feed use have, in large part, led to the current over-supply situation.

USG Team to Visit The Baltics

Tom Pomeroy, EESS, is scheduled to visit the Baltics with a USAID- and State Department-sponsored team for 3 weeks beginning November 16, returning December 6. The U.S. Government team will meet with host country counterparts to design a U.S. assistance program. Pomeroy is the only USDA representative on the team.

Seed Act Proposals Submitted to State and AID

The Eastern Europe and Soviet Secretariat has been working on two sets of proposals to be funded under the SEED Act. The division submitted technical assistance and training proposals to State and AID. The proposal package totals \$6 million, focuses mainly on Poland and Bulgaria, and emphasizes the linkages among USDA proposals and activities. The Secretariat has also summarized a separate set of environmental proposals for OICD, ARS, and SCS, totaling \$6.2 million that will be submitted to AID shortly.

Assistant Secretaries to Travel to Bulgaria

Assistant Secretaries Gardner and Moseley will travel to Bulgaria on December 7 to discuss the range of planned USDA activities for 1992 with the new Minister of Agriculture, Stanislav Dimitriev. Alex Gilchrist of FAS, Bob Robinson of ERS, and a representative of the Soil Conservation Service will accompany the Assistant Secretaries.

USDA Extends GSM-102 Credit guarantees to Turkey For FY 1992

USDA has authorized \$50 million in credit guarantees in connection with sales of U.S. agricultural commodities to Turkey under the Commodity Credit Corporation's (CCC) GSM-102 program for fiscal year 1992. According to F. Paul Dickerson, \$50 million in credit guarantees is available to U.S. exporters for sales as follows: \$25 million for feed grains, \$17 million for protein meals, \$5 million for wheat, and \$3 million undesignated. The credit guarantees are available only on public sector sales to Toprak Mahsulleri Ofisi (TMO) and Yem Sanayii (T.A.S.).

CCC Reallocates GSM-102 and GSM-103 Guarantees to the Soviet Union and Mexico

The Commodity Credit Corporation's (CCC) reallocated \$4 million in credit guarantees to the Soviet Union. The action established a \$4-million credit guarantee line for vegetable oils and reduced the lines for soybeans, and feedgrains. USDA reallocated the \$10-million line for U.S. breeder livestock in connection with sales of U.S. breeder livestock to Mexico under the GSM-103 program to include dairy and beef cattle, sheep, goats, and swine. The total fiscal year 1992 GSM-103 allocation to Mexico remains unchanged at \$30 million with \$10 million operational.

P.L. 480 Title I Sales

Cumulative Sales Through November 8. Fiscal year 1992 P.L. 480, Title I sales registered to date total \$7.5 million (about 26,500 tons). Jamaica is the only purchaser to date.

...Market Updates

Export Enhancement Program (EEP)

The total amount awarded under the EEP with the 5-percent upward tolerance is \$262,979,427.

October 21. USDA accepted bids for 4,500 tons of soft white wheat to Norway, 50,000 tons of northern/dark northern spring wheat to Sri Lanka, 10,000 tons of wheat flour to West and Central African Countries, 2,000 tons of cottonseed oil to the Dominican Republic, and 12,000 tons of soybean oil to Morocco.

October 23. USDA accepted bids for 1.02 million tons of wheat to the Soviet Union, including 559,599 tons of hard red winter and 464,200 tons of northern/dark northern spring, 30,000 tons of barley to Israel, and 2,500 tons of barley malt to the Dominican Republic.

October 24. USDA accepted bids for 10,000 tons of wheat flour to West and Central African Countries and 2,500 tons of cottonseed oil to Turkey.

October 25. USDA accepted bids for 259,400 tons of wheat to Egypt, 50,000 tons of northern/dark northern spring wheat to Morocco, and 1,500 tons of soybean oil to Turkey.

October 29. USDA accepted a bid for 50,000 tons of barley to Jordan.

October 30. USDA accepted a bid for 1,500 tons of wheat flour to West and Central African Countries.

October 31. USDA accepted bids for 2,500 tons of barley malt to Venezuela, and 7,000 tons of soybean oil to the Dominican Republic.

November 1. USDA accepted bids for 15,000 tons of barley to Israel, 180,000 tons of soft white wheat to Egypt, and 35,000 tons of medium grain milled rice to Turkey.

November 4. USDA accepted a bid for 12,500 tons of medium grain milled rice to Turkey.

November 6. USDA accepted bids for 100,000 tons of wheat to Egypt.

November 7. USDA accepted a bid for 4,500 tons of soybean oil to Turkey.

November 8. USDA accepted bids for 6,000 tons of sunflowerseed oil to Algeria and 1,000 tons of barley malt to Jamaica.

November 13. USDA accepted a bid for 5,500 tons of medium grain-milled rice to Turkey.

November 14. USDA accepted bids for 600 tons of whole frozen broilers to Saudi Arabia, 343 tons of whole frozen broilers to the United Arab Emirates, and 6,000 tons of soybean oil to the Soviet Union.

EEP Bonuses to be Paid in Cash

Beginning Nov. 7, 1991, all EEP bonuses for new agreements will be paid in cash. Generic certificates will be issued on all agreements begun prior to November 7.

Dairy Export Incentive Program (DEIP)

October 23. USDA accepted a bid under the DEIP for 203 tons of whole milk powder to Senegal.

October 24. USDA accepted a bid for 406 tons of whole milk powder to Senegal.

October 25. USDA accepted a bid for 58 tons of whole milk powder to Senegal.

October 30. USDA accepted a bid for 100 tons of butter to Turkey.

U.S. Agricultural Exports by Major Commodity Group

Monthly & Annual Performance Indicators

	September			Fiscal Year		
	1990	1991		1990	1991	
	-- Bil.\$ --		Change	-- Bil.\$ --		Change
Grains & feeds 1/	0.985	1.058	7%	16.031	12.544	-22%
Wheat	0.341	0.280	-18%	4.224	2.857	-32%
Wheat flour	0.012	0.015	27%	0.202	0.201	-1%
Rice	0.066	0.063	-4%	0.830	0.752	-9%
Feed grains 2/	0.374	0.439	17%	7.972	5.653	-29%
Corn	0.315	0.380	20%	6.941	4.872	-30%
Feeds & fodders	0.114	0.160	41%	1.814	1.926	6%
Oilseeds & products	0.332	0.392	18%	6.252	5.691	-9%
Soybeans	0.182	0.164	-10%	3.940	3.464	-12%
Soybean meal	0.048	0.113	135%	0.996	0.978	-2%
Soybean oil	0.038	0.031	-17%	0.339	0.192	-43%
Other vegetable oils	0.024	0.031	31%	0.394	0.412	5%
Livestock products	0.447	0.459	3%	5.393	5.545	3%
Red meats	0.190	0.201	6%	2.177	2.481	14%
Hides & Skins	0.130	0.103	-21%	1.773	1.439	-19%
Poultry products	0.069	0.085	23%	0.856	1.007	18%
Poultry meat	0.049	0.061	25%	0.624	0.726	16%
Dairy products	0.029	0.041	42%	0.378	0.367	-3%
Horticultural products	0.470	0.488	4%	5.154	6.020	17%
Unmanufactured tobacco	0.074	0.061	-17%	1.359	1.533	13%
Cotton & linters	0.146	0.061	-58%	2.719	2.619	-4%
Planting seeds	0.059	0.063	6%	0.578	0.625	8%
Sugar & tropical products	0.109	0.139	28%	1.399	1.582	13%
Forest Products 4/	0.477	0.511	7%	6.431	6.419	-0%
Total Ag. export value	2.720	2.847	5%	40.120	37.533	-6%

	-- MMT --		Change	-- MMT --		Change
Grains & feeds 1/	7.103	7.882	11%	113.556	95.508	-16%
Wheat	2.802	2.502	-11%	28.094	26.691	-5%
Wheat flour	0.057	0.078	37%	0.880	1.074	22%
Rice	0.207	0.178	-14%	2.498	2.418	-3%
Feed grains 2/	3.205	3.972	24%	69.022	51.802	-25%
Corn	2.699	3.417	27%	59.968	44.496	-26%
Feeds & fodders	0.685	0.978	43%	11.080	11.397	3%
Oilseeds & products	1.142	1.479	30%	24.039	22.096	-8%
Soybeans	0.752	0.730	-3%	17.221	15.139	-12%
Soybean meal	0.222	0.508	128%	4.576	4.648	2%
Soybean oil	0.060	0.063	5%	0.614	0.354	-42%
Other vegetable oils	0.030	0.043	41%	0.618	0.620	0%
Livestock products 3/	0.191	0.213	11%	2.367	2.320	-2%
Red meats	0.055	0.065	18%	0.672	0.744	11%
Poultry products 3/	0.048	0.052	10%	0.576	0.644	12%
Poultry meat	0.046	0.050	8%	0.561	0.614	9%
Dairy products 3/	0.016	0.024	51%	0.224	0.222	-1%
Horticultural products 3/	0.395	0.366	-7%	4.565	5.048	11%
Unmanufactured tobacco	0.012	0.010	-15%	0.218	0.239	10%
Cotton & linters	0.092	0.038	-58%	1.703	1.598	-6%
Planting seeds	0.104	0.106	2%	0.566	0.517	-9%
Sugar & tropical products 3/	0.077	0.098	27%	0.849	1.162	37%
Total Ag. export volume 3/	9.18	10.27	12%	148.66	129.35	-13%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators

	September			Fiscal Year		
	1990	1991		1990	1991	
	-- Bil.\$ --		Change	-- Bil.\$ --		Change
Western Europe	0.401	0.470	17%	7.318	7.346	0%
European Community 1/	0.356	0.423	19%	6.796	6.774	0%
Other Western Europe	0.044	0.047	6%	0.522	0.572	10%
Eastern Europe	0.044	0.018	-60%	0.519	0.303	-42%
Soviet Union	0.009	0.195	2060%	2.938	1.716	-42%
Asia	1.164	1.044	-10%	16.102	14.647	-9%
Japan	0.542	0.513	-5%	8.075	7.718	-4%
China	0.091	0.055	-39%	0.909	0.667	-27%
The 4 Asian Tigers	0.387	0.334	-14%	5.368	4.817	-10%
Taiwan	0.134	0.126	-6%	1.816	1.736	-4%
South Korea	0.191	0.135	-29%	2.702	2.159	-20%
Hong Kong	0.049	0.057	17%	0.685	0.744	9%
Other Asia	0.144	0.141	-2%	1.750	1.445	-17%
Pakistan	0.030	0.023	-24%	0.391	0.143	-63%
Philippines	0.031	0.044	45%	0.351	0.373	6%
Middle East	0.104	0.139	34%	1.900	1.330	-30%
Iraq	0.000	0.000	0%	0.491	0.000	-100%
Saudi Arabia	0.047	0.065	39%	0.447	0.481	8%
Africa	0.210	0.158	-25%	1.914	1.819	-5%
North Africa	0.149	0.106	-29%	1.437	1.325	-8%
Egypt	0.086	0.040	-54%	0.740	0.692	-6%
Algeria	0.039	0.042	10%	0.423	0.422	0%
Sub Saharan Africa	0.060	0.052	-14%	0.478	0.493	3%
Latin America	0.420	0.393	-6%	5.142	5.474	6%
Mexico	0.209	0.197	-6%	2.662	2.872	8%
Other Latin America	0.211	0.196	-7%	2.480	2.601	5%
Brazil	0.011	0.018	71%	0.104	0.271	160%
Venezuela	0.044	0.031	-28%	0.346	0.307	-11%
Canada*	0.320	0.369	15%	3.707	4.395	19%
Oceania	0.031	0.033	6%	0.304	0.334	10%
World Total	2.720	2.847	5%	40.122	37.534	-6%

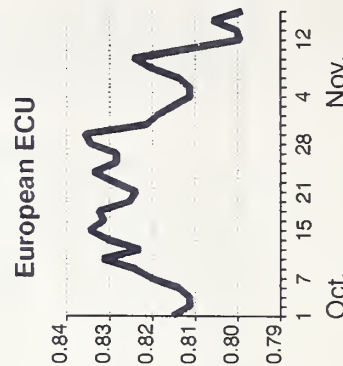
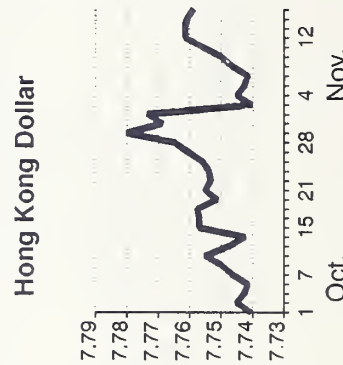
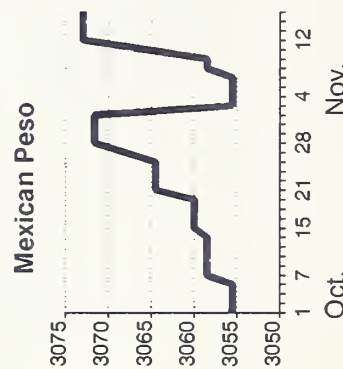
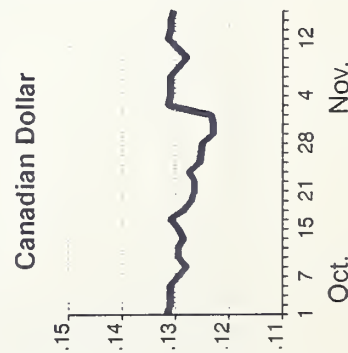
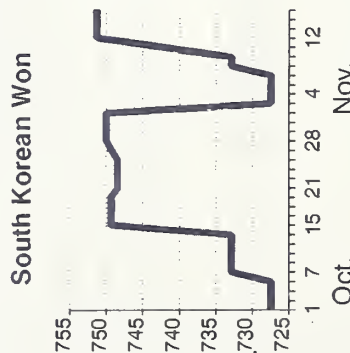
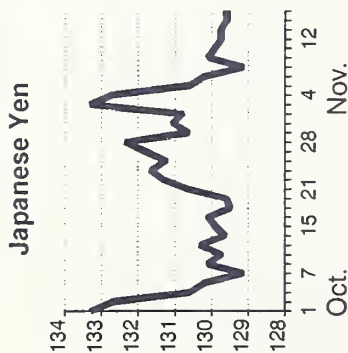
*Prior to 1990, it is estimated that U.S. agricultural exports to Canada as reported by the Bureau of the Census were understated. Data prior to January 1990 have not been adjusted.

1/Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations (Oct. 1 - Nov. 15, 1991)

Currencies	Current Rate 11/15/91	Month Ago 10/15/91	Year Ago 11/90	% Change Year Ago 11/90
Argentine Austral	9918.67	9902.95	5223.00	89.90
Australian Dollar	1.2711	1.2531	1.2958	-1.91
Brazilian Cruzeiro	734.80	555.81	113.49	547.46
Canadian Dollar	1.1305	1.1295	1.1625	-2.75
Hong Kong Dollar	7.7590	7.7570	7.7930	-0.44
Japanese Yen	129.60	129.90	129.75	-0.12
Mexican Peso	3073.00	3060.00	2927.01	4.99
Taiwan Dollar	25.86	26.11	26.66	-3.00
South Korean Won	751.30	749.35	715.05	5.07
European ECU	.79896	.83457	.72078	10.85
-British Pound	.5627	.5874	.5110	10.12
-French Franc	5.5630	5.8250	4.9835	11.63
-West German Mark	1.6260	1.7105	1.4760	10.16

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, November 16, 1991.
Source: TEID/ITP/FAS Exchange Rate Database and *Wall Street Journal*.



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